SASKATCHEWAN DEVELOPMENT FUND CORPORATION AND SASKATCHEWAN DEVELOPMENT FUND

2005 ANNUAL REPORT

SASKATCHEWAN DEVELOPMENT FUND CORPORATION

BOARD OF DIRECTORS

Honourable Andrew Thompson, Chair (after February 3, 2006)
Honourable Deb Higgins, Vice-Chair (after February 3, 2006)
Honourable Harry Van Mulligen, Chair (to February 3, 2006), Member (after February 3, 2006)
Honourable Buckley Belanger, Vice-Chair (to February 3, 2006)
Honourable Len Taylor (to February 3, 2006)

OFFICERS

Mr. Don Axtell
General Manager

Mr. John Amundson, CA
Treasurer

Ms. Erin Legg
Corporate Secretary

INVESTMENT MANAGEMENT

Greystone Managed Investments Inc.

GENERAL INQUIRY TELEPHONE NUMBERS

In Regina: (306) 787-1645
Toll free within Saskatchewan: 1-800-667-7543
Fax: (306) 787-8030

MAILING ADDRESS

300 – 2400 College Avenue
Regina, Saskatchewan
S4P 1C8

SASKATCHEWAN DEVELOPMENT FUND CORPORATION AND SASKATCHEWAN DEVELOPMENT FUND

ANNUAL REPORT

For the Year Ended

December 31, 2005

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106-05334/

LETTER OF TRANSMITTAL

Regina, Saskatchewan
March 2, 2006

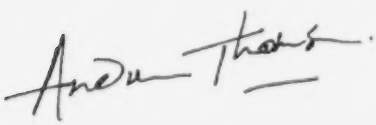
To Her Honour
The Honourable Lynda M. Haverstock
Lieutenant Governor of the Province of Saskatchewan

Madam:

I have the honour to submit herewith the annual reports of the Saskatchewan Development Fund Corporation and the Saskatchewan Development Fund for the year ended December 31, 2005, in accordance with **The Saskatchewan Development Fund Act**. The financial statements are in the form approved by the Treasury Board and have been reported on by the Corporation's auditors.

I have the honour to be, Madam,

Your obedient servant,



Minister Responsible
Saskatchewan Development Fund Corporation

ANNUAL REPORT

OF

SASKATCHEWAN DEVELOPMENT FUND CORPORATION

FOR THE YEAR ENDED

December 31, 2005

SASKATCHEWAN DEVELOPMENT FUND CORPORATION

HISTORY AND 2005 HIGHLIGHTS

The Saskatchewan Development Fund Corporation (the Corporation) was established in 1974 under **The Saskatchewan Development Fund Act** to perform the duties of trustee, custodian and manager for the Saskatchewan Development Fund (the Fund), an open-end investment trust. The Corporation initially managed the affairs of the Saskatchewan Development Fund and in return received management fees and sales charges from the Fund.

In 1976, the Corporation expanded its operations to include an annuity business which offered several different types of annuities to the public. These annuities included term-certain annuities for those who wished to receive a retirement income, Income Averaging Annuity Contracts (IAAC's) during the period of time when these annuities were popular and general annuities for those who desired an investment vehicle with combined savings and growth potential.

The Corporation continues to manage the affairs of the Saskatchewan Development Fund although it no longer offers annuities to the public. In 1985, the Corporation moved its operations to the offices of Crown Investments Corporation of Saskatchewan (CIC) and is now administered by the Saskatchewan Development Fund Corporation's Board of Directors through the use of staff and facilities provided by CIC.

In 1988, the Corporation entered into an agreement with Greystone Managed Investments Inc. (Greystone) to provide investment counsel with respect to the Corporation's investment activities. The Corporation has provided Greystone with a statement of investment policies and guidelines which were designed to provide optimum investment returns. On February 24, 2005, SDFC invested their short-term investments in the Greystone Money Market Fund. This action was taken to simplify cash management.

At December 31, 2005, the present value of the Corporation's annuities payable were $310.9 thousand on 22 outstanding annuity contracts compared to an annuity liability of $409.2 thousand on 26 annuity contracts at December 31, 2004. The annuity liability and the number of contracts outstanding have decreased steadily since their highest level in 1981 when the annuity liability reached $36.7 million on more than 700 annuity contracts. The Corporation has annuity liabilities extending to the year 2013.

The Corporation's net earnings for the year ended December 31, 2005 were $63.0 thousand as compared to $61.0 thousand for the same period in 2004. The Corporation's level of income has remained consistent as costs are reducing in conjunction with decreasing revenue.

The Corporation's investments exceeded its liabilities at December 31, 2005 by more than $2.4 million. As a result, the Corporation has an adequate level of investments to provide for future obligations. A complete list of the Corporation's investments at December 31, 2005 is found on page 12.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The accompanying Financial Statements have been prepared by management of Saskatchewan Development Fund Corporation. They have been prepared in accordance with generally accepted accounting principles in Canada, consistently applied, using management's best estimates and judgements where appropriate. Management is responsible for the reliability and integrity of the Financial Statements and other information contained in this Annual Report.

The Corporation's Board of Directors is responsible for overseeing the business affairs of the Corporation and also has the responsibility for approving the financial statements. The Board of Directors meets with management, and when necessary, the Corporation's external auditors Dudley & Company, LLP and the Provincial Auditor of Saskatchewan on matters relating to the financial process.

Management maintains a system of internal controls to ensure the integrity of information that forms the basis of the Financial Statements. The internal controls provide reasonable assurance that transactions are executed in accordance with proper authorization, that assets are properly guarded against unauthorized use and that reliable records are maintained. The Provincial Auditor of Saskatchewan has reported to the Legislative Assembly that these controls are adequately functioning.

Dudley & Company, LLP has audited the Financial Statements. Their report to the Members of the Legislative Assembly, stating the scope of their examination and opinion on the Financial Statements, appears on the following page.

Don Axtell
General Manager
Saskatchewan Development Fund Corporation

February 1, 2006

AUDITORS' REPORT

To the Members of the Legislative Assembly
Province of Saskatchewan

We have audited the statement of financial position of the Saskatchewan Development Fund Corporation as at December 31, 2005 and the statements of operations and retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in Canada. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2005 and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in Canada.

Deloitte & Company LLP

Chartered Accountants
Regina, Canada
February 1, 2006

SASKATCHEWAN DEVELOPMENT FUND CORPORATION

STATEMENT OF FINANCIAL POSITION

As at December 31

	2005	2004
ASSETS		
Current Assets		
Cash and short-term investments (Note 3)	$ 12,505	$ 226,534
Interest receivable	-	1,304
Due from Saskatchewan Development Fund	1,860	5,071
	14,365	232,909
Investments (Note 4)	2,805,249	2,621,906
	$ 2,819,614	$ 2,854,815
LIABILITIES AND PROVINCE'S EQUITY		
Current Liabilities		
Accounts payable	$ 21,004	$ 20,951
Current portion of annuities payable (Note 5)	68,412	96,295
	89,416	117,246
Annuities payable (Note 5)	242,502	312,891
	331,918	430,137
Province of Saskatchewan's Equity		
Equity advances (Note 6)	1,150,000	1,150,000
Retained earnings	1,337,696	1,274,678
	2,487,696	2,424,678
	$ 2,819,614	$ 2,854,815

Contingent liability (Note 7)

(See accompanying notes)

On behalf of the Board:

_____, Director

_____, Director

SASKATCHEWAN DEVELOPMENT FUND CORPORATION

STATEMENT OF OPERATIONS AND RETAINED EARNINGS

For the Year Ended December 31

	2005	2004
REVENUE		
Investment	$ 133,911	$ 145,901
Fund management fees (Note 8)	25,913	26,872
	159,824	172,773
EXPENSES		
Interest – annuities	47,294	60,441
Administrative	49,512	51,313
	96,806	111,754
NET EARNINGS	63,018	61,019
RETAINED EARNINGS, BEGINNING OF YEAR	1,274,678	1,213,659
RETAINED EARNINGS, END OF YEAR	$ 1,337,696	$ 1,274,678

(See accompanying notes)

SASKATCHEWAN DEVELOPMENT FUND CORPORATION

STATEMENT OF CASH FLOWS

For the Year Ended December 31

	2005	2004
OPERATING ACTIVITIES		
Net earnings	$ 63,018	$ 61,019
Add (deduct) non-cash items:		
Amortization of discounts and premiums	(129,468)	(133,933)
	(66,450)	(72,914)
Net change in non-cash working capital balances related to operations (Note 9)	4,569	8,458
Cash used in operating activities	(61,881)	(64,456)
INVESTING ACTIVITIES		
Purchase of investments	(278,876)	(150,035)
Proceeds from sale of investments	225,000	360,000
Cash (used in) provided by investing activities	(53,876)	209,965
FINANCING ACTIVITIES		
Repayment of annuities payable	(98,272)	(120,178)
Cash used in financing activities	(98,272)	(120,178)
NET (DECREASE) INCREASE IN CASH DURING THE YEAR	(214,029)	25,331
CASH POSITION, BEGINNING OF YEAR	226,534	201,203
CASH POSITION, END OF YEAR	$ 12,505	$ 226,534

(See accompanying notes)

SASKATCHEWAN DEVELOPMENT FUND CORPORATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2005

1. Summary of Significant Accounting Policies

The Saskatchewan Development Fund Corporation's (SDFC) accounting policies are in accordance with accounting principles generally accepted in Canada. The following are considered to be significant:

a) Short-term investments

Short-term investments are carried at cost which approximates their quoted market value.

b) Investments in bonds and debentures

Investments in bonds and debentures are carried at amortized cost. Discounts and premiums in excess of $1,000 are amortized to income using the straight-line method over the remaining life of the investment.

c) Fair value of short-term financial instruments

Fair value of short-term investments including:

i) Cash and short-term investments
ii) Interest receivable
iii) Due to (from) Saskatchewan Development Fund
iv) Accounts payable
v) Current portion of annuities payable

the carrying amounts approximate fair value due to their immediate or short-term maturity.

2. Status of the Corporation

SDFC was established in 1974 under **The Saskatchewan Development Fund Act** to perform the duties of trustee, custodian and manager for the Saskatchewan Development Fund. In 1976, SDFC also instituted an annuity business as part of its operations. The annuity operations are reflected in these financial statements. Effective January 1, 1986, SDFC ceased to offer new annuities to the public.

SDFC has been designated by Order-in-Council as a corporation to which the provisions of **The Crown Corporations Act, 1993** apply. Accordingly, the financial results of the Corporation are included in the consolidated financial statements of Crown Investments Corporation of Saskatchewan (CIC).

SDFC is a Provincial Crown corporation and therefore is not subject to Federal or Provincial income tax.

3. Cash and Short-Term Investments

At December 31, 2005, cash and short-term investments consisted of $12,505 (2004 - $48,509) cash available in bank accounts held by the Corporation, and $nil (2004 - $178,025) in short-term Government of Canada Treasury Bills.

4. **Investments**

Description	2005 Cost	2005 Fair Value	2004 Cost	2004 Fair Value
Money Market				
Greystone Money Market Fund	$ 148,738	$ 148,738	$ -	$ -
Bonds and Debentures				
Canada Zero Coupon $225,000, June 1, 2005	-	-	220,982	222,656
Canada Zero Coupon $315,000, June 1, 2006	310,126	310,379	297,288	302,810
Canada Zero Coupon $528,000, June 1, 2007	494,869	500,945	470,340	489,921
Canada Zero Coupon $468,000, June 1, 2008	422,778	427,134	404,394	416,277
Canada Zero Coupon $470,000, June 1, 2009	406,744	412,632	388,449	399,133
Canada Zero Coupon $155,000, June 1, 2010	133,053	130,839	-	-
Canada Zero Coupon $280,000, June 1, 2010	230,218	236,353	219,121	226,288
B. C. Zero Coupon $485,000, Sept. 5, 2011	355,015	386,050	332,833	362,770
Canada Zero Coupon $150,000, June 1, 2011	118,524	121,548	112,704	115,083
Canada Zero Coupon $125,000, June 1, 2012	94,572	97,388	89,824	91,105
Canada Zero Coupon $125,000, June 1, 2013	90,612	93,570	85,971	86,486
	2,656,511	2,716,838	2,621,906	2,712,529
Total Investments	$ 2,805,249	$ 2,865,576	$ 2,621,906	$ 2,712,529

4. Investments (continued)

a) Federal bonds are valued at their recognized public exchange closing sale price on their valuation date.

b) Total cash interest received on investments during the year was $74.6 thousand (2004 - $27.8 thousand).

5. Annuities Payable

	2005	2004
Annuities payable at various interest rates, repayable in monthly, quarterly, semi-annual and annual instalments until maturity	$ 310,914	$ 409,186
Less: current portion	68,412	96,295
Long-term portion of annuities payable	$ 242,502	$ 312,891

SDFC has 22 outstanding annuities at December 31, 2005, with maturing dates ranging from 2006 to 2013. Total gross payments on remaining annuities are $416.3 thousand (2004 - $562.3 thousand) assuming all annuities run to maturity.

Fair value of annuities payable is determined by discounting future payments at current market rates. Fair value of annuities payable at December 31, 2005 is $376.7 thousand (2004 - $495.5 thousand).

Interest paid on long-term annuities payable during the year, on a cash basis, was $47.3 thousand (2004 - $60.4 thousand).

Interest Rate Risk:

The Corporation has entered into long-term investments to match maturities of annuities payable with its asset portfolio. Therefore, SDFC's exposure to interest rate risk is insignificant.

6. Equity Advances

SDFC does not have share capital. However, SDFC has received equity advances from its parent CIC to form its equity capitalization. The advances reflect an equity investment in SDFC by CIC.

7. Contingent Liability

The Saskatchewan Development Fund Act requires that SDFC guarantee the difference between the market value of each shareholder's investment in the Saskatchewan Development Fund (the Fund) upon redemption and the value of the shareholder's original investment (net of initial sales charges) including accrued interest on the investment at an annual rate of 5%. This guarantee applies only if the market value of the shareholder's investment is lower than the guaranteed amount.

The guarantee liability under this provision throughout 2005 did not exceed the market value of any investment redeemed in the current year. Therefore, SDFC did not pay any amounts to the Saskatchewan Development Fund's redeemed shareholders in 2005 under this provision.

8. Fund Management Fees

SDFC recovers the costs it incurs in the management of the Fund by charging the Fund a management fee. This fee is limited by **The Saskatchewan Development Fund Act** to the lesser of 1.25% of the net value of the assets of the Fund or those corporate expenses directly attributable to the management of the Fund on an annual basis.

9. Net Change in Non-Cash Working Capital Balances Related to Operations

	2005	2004
Decrease in interest receivable	$ 1,304	$ 4,497
Increase in accounts payable	54	13,223
Increase (decrease) in due from Saskatchewan Development Fund	3,211	(9,262)
	$ 4,569	$ 8,458

10. Related Party Transactions

Included in these financial statements are transactions with various Saskatchewan Crown corporations, departments, agencies, boards and commissions related to the Corporation by virtue of common control by the Government of Saskatchewan and non-Crown corporations and enterprises subject to joint control or significant influence by the Government of Saskatchewan (collectively referred to as "related parties").

Routine operating transactions with related parties are settled at prevailing market prices under normal trade terms.

SDFC paid CIC $36,206 (2004 - $36,206) for accounting and technical services and lease of space under agreements between SDFC and CIC.

Other transactions and amounts due to and from related parties and the terms of settlement are described separately in these financial statements and the notes thereto.

ANNUAL REPORT TO THE SHAREHOLDERS

OF

SASKATCHEWAN DEVELOPMENT FUND

FOR THE YEAR ENDED

December 31, 2005

SASKATCHEWAN DEVELOPMENT FUND

HISTORY AND 2005 HIGHLIGHTS

The Saskatchewan Development Fund (the Fund) was established in 1974 as an open-end investment trust (mutual fund) under **The Saskatchewan Development Fund Act**. Over the years, the Fund offered five types of investment accounts to the public. These were registered retirement savings plans (RRSPs), registered homeownership savings plans (RHOSPs), deferred profit sharing plans (DPSPs), registered retirement income funds (RRIFs) and regular shareholder accounts. Currently, the Fund administers only RRSPs and regular shareholder accounts.

In 1983, the Fund discontinued the sale of new shares to the public and became a discontinued open-end mutual fund. Since 1983, administration of the Fund has been focused on meeting the expectations of the Fund's clientele and on the orderly wind-down of the Fund's operations. On January 2, 2002 the Fund sold its individual asset holdings and purchased Greystone mutual funds. This action was taken to simplify fund management and decrease costs to the investor through reduced investment transaction fees and custodial fees.

The Fund experienced an increase in share value during 2005. The Fund's share value closed 2005 at $11.64 per share, compared to $10.88 per share at December 31, 2004. During 2005, the Canadian equity market continued to be strong and the return on the bond portfolio was average, thus allowing the fund a return of 9.38%.

The Fund's earnings decreased $17.0 thousand (or 18.94%) in 2005 to $72.7 thousand compared to earnings of $89.7 thousand in 2004. The decrease in net earnings is due to the funds' diminishing asset base, as clients divest of the fund.

Earnings returned 25.3 cents per share in 2005 compared to 28.3 cents per share in 2004. The small decrease is due to continuing low interest rates in the long-term and short-term bond markets. During 2005, the Fund provided a 9.38% rate of return to the shareholders compared to a three year average return of 8.50% and a five year average return of 6.71%.

The net assets of the Fund at December 31, 2005, are distributed to shareholders by type of account as listed below with comparative figures at December 31, 2004.

	December 31, 2005			December 31, 2004		
	Market Value	%	Number of Investors	Market Value	%	Number of Investors
Retirement Savings Plan	$ 2,281,243	66.94	57	$ 2,505,556	70.34	61
Regular Accounts	1,126,533	33.06	83	1,056,421	29.66	85
	$ 3,407,776	100.0	140	$ 3,561,977	100.0	146

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The accompanying Financial Statements have been prepared by management of Saskatchewan Development Fund Corporation. They have been prepared in accordance with generally accepted accounting principles in Canada, consistently applied, using management's best estimates and judgements where appropriate. Management is responsible for the reliability and integrity of the Financial Statements and other information contained in this Annual Report.

The Corporation's Board of Directors is responsible for overseeing the business affairs of the Corporation and also has the responsibility for approving the Financial Statements. The Board of Directors meets with management, and when necessary, the Corporation's external auditors Dudley & Company, LLP and the Provincial Auditor of Saskatchewan on matters relating to the financial process.

Management maintains a system of internal controls to ensure the integrity of information that forms the basis of the Financial Statements. The internal controls provide reasonable assurance that transactions are executed in accordance with proper authorization, that assets are properly guarded against unauthorized use and that reliable records are maintained. The Provincial Auditor of Saskatchewan has reported to the Legislative Assembly that these controls are adequately functioning.

Dudley & Company, LLP has audited the Financial Statements. Their report to the Members of the Legislative Assembly, stating the scope of their examination and opinion on the Financial Statements, appears on the following page.

Don Axtell
General Manager
Saskatchewan Development Fund Corporation

February 1, 2006

AUDITORS' REPORT

To the Members of the Legislative Assembly
Province of Saskatchewan

We have audited the statement of assets and liabilities of the Saskatchewan Development Fund as at December 31, 2005 and the statements of change in net assets and realized gain on sale of investments and operations for the year then ended. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in Canada. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Saskatchewan Development Fund as at December 31, 2005 and the results of its operations and the changes in net assets for the year then ended in accordance with accounting principles generally accepted in Canada.

Dudley + Company LLP

Chartered Accountants
Regina, Canada
February 1, 2006

SASKATCHEWAN DEVELOPMENT FUND

STATEMENT OF ASSETS AND LIABILITIES

As at December 31

	2005	2004
ASSETS		
Investments at fair value (Note 3)	$ 3,466,424	$ 3,554,229
Cash	3,950	12,819
	3,470,374	3,567,048
LIABILITIES		
Payable for shares redeemed	60,738	-
Due to Saskatchewan Development Fund Corporation	1,860	5,071
	62,598	5,071
NET ASSETS REPRESENTING SHAREHOLDERS' EQUITY (Note 5)	$ 3,407,776	$ 3,561,977
292,654 shares (2004 - 327,532 shares) (Notes 4 & 5)		
NET ASSET VALUE PER SHARE (Note 6)	$ 11.64	$ 10.88

(See accompanying notes)

On behalf of the Board:

Deb Higgins, Director

, Director

SASKATCHEWAN DEVELOPMENT FUND

STATEMENTS OF CHANGE IN NET ASSETS AND REALIZED GAIN ON SALE OF INVESTMENTS

For the Year Ended December 31

	2005	2004
CHANGE IN NET ASSETS		
Net assets at beginning of year	$ 3,561,977	$ 3,643,696
Net earnings for the year	72,703	89,686
Net realized gain on sale of investments	167,418	71,849
Net unrealized appreciation of investments	78,282	102,789
	3,880,380	3,908,020
Less:		
Amounts paid for shares redeemed	472,604	346,043
Net assets at end of year	$ 3,407,776	$ 3,561,977
Net asset value per share	$ 11.64	$ 10.88
REALIZED GAIN ON SALE OF INVESTMENTS		
Proceeds from sale of investments	$ 659,455	$ 443,854
Cost of investments sold during the year*	492,037	372,005
Realized gain on sale of investments	$ 167,418	$ 71,849
***Cost of Investments Sold During the Year**		
Cost of investments at beginning of year	$ 2,690,834	$ 2,862,614
Cost of investments purchased during the year	235,846	200,225
	2,926,680	3,062,839
Cost of investments at end of year	2,434,643	2,690,834
Cost of investments sold during the year	$ 492,037	$ 372,005

(See accompanying notes)

SASKATCHEWAN DEVELOPMENT FUND

STATEMENT OF OPERATIONS

For the Year Ended December 31

	2005	2004
REVENUE		
Interest	$ 93,554	$ 108,870
Dividends	7,952	10,589
	101,506	119,459
EXPENSES (Note 7)		
Management fees (Note 8)	25,912	26,872
Investment management fees	2,876	2,890
Bank service charges	15	11
	28,803	29,773
NET EARNINGS FOR THE YEAR	$ 72,703	$ 89,686
NET EARNINGS PER SHARE (IN CENTS)	25.3	28.3

(See accompanying notes)

SASKATCHEWAN DEVELOPMENT FUND

NOTES TO FINANCIAL STATEMENTS

December 31, 2005

1. Summary of Significant Accounting Policies

The Saskatchewan Development Fund (SDF) accounting policies are in accordance with accounting principles generally accepted in Canada. The following are considered to be significant:

a) Valuation of investments

The Saskatchewan Development Fund's investments are recorded at market value determined as follows:

Securities listed upon a recognized public exchange are valued at their closing sale price on the valuation date.

Securities not traded on that date are valued at a price between the latest closing recorded asked and bid prices.

Securities not listed upon any exchange are valued in the same manner as above based upon any available public quotation in common use or at a price estimated to be the fair value thereof.

b) Fair value

Cash, short-term investments, due to (from) Saskatchewan Development Fund Corporation, payable for shares redeemed, and other payables, are carried at cost which approximate their fair value.

c) Investment transactions and income

The Corporation has invested in three mutual funds offered by Greystone Managed Investments Inc. Transactions are recorded monthly and prorated to individual investors' accounts on the last working day of each month. Realized gains and losses from investment transactions are calculated in accordance with the average cost method.

2. Status of the Fund

The Saskatchewan Development Fund (the Fund) was established as an open-end investment trust in 1974 pursuant to **The Saskatchewan Development Fund Act** and is managed under the auspices of the Saskatchewan Development Fund Corporation (SDFC) which performs the duties of trustee, custodian and manager for the Fund. On July 15, 1983, the Fund discontinued the sale of new shares and became a "discontinued open-end" investment trust.

3. Investments

Description	2005 Cost	2005 Fair Value	2004 Cost	2004 Fair Value
Greystone Money Market Fund 2005 - 75,890 units (2004 - 66,879 units)	$ 758,896	$ 758,896	$ 668,791	$ 668,791
Greystone Fixed Income Fund 2005 - 195,777 units (2004 - 209,860 units)	1,949,713	1,992,816	2,082,468	2,118,327
Greystone Canadian Equity Fund 2005 - 26,402 units (2004 - 34,251 units)	484,930	714,712	608,366	767,111
Total Investments	$ 3,193,539	$ 3,466,424	$ 3,359,625	$ 3,554,229

4. Taxation

The Fund qualifies as a mutual fund trust under the **Income Tax Act** and is fully registered to administrate four types of equity accounts. These are registered retirement savings plans, deferred profit sharing plans, registered retirement income funds and regular shareholder accounts.

5. Shareholders' Equity

a) Shareholders' equity includes the amounts representing the shareholders' net initial investments, reinvested earnings, realized gains or losses on sale of investments and unrealized appreciation or depreciation of investments.

b) The shares of the Fund are redeemable at the option of the holder in accordance with the provisions of **The Saskatchewan Development Fund Act** and with respect to the taxation status of the shareholder's account. The Fund is now a "discontinued open-end" investment trust and has taken on no new contributions since July 15, 1983 except where contractual arrangements had been made prior to July 15, 1983.

6. Net Asset Value Per Share

The net asset value per share as at the end of the years indicated was as follows:

	Year Ended December 31				
	2005	2004	2003	2002	2001
Net asset value per share	$ 11.64	$ 10.88	$ 10.36	$ 9.84	$ 9.83

7. Expense Ratio

The following is the ratio of all expenses of the Fund, expressed as a percentage of the average of the net assets calculated for the purpose of the redemption of shares of the Fund, as at each valuation date of the Fund:

	Year Ended December 31				
	2005	**2004**	**2003**	**2002**	**2001**
Expense ratio	0.80%	0.83%	0.72%	0.78%	1.23%

8. Management Fees

SDFC recovers the costs it incurs in the management of the Fund by charging the Fund a management fee. This fee is limited by **The Saskatchewan Development Fund Act** to the lesser of 1.25% of the net value of the assets of the Fund or those corporate expenses directly attributable to the management of the Fund on an annual basis.

9. Related Party Transactions

Included in these financial statements are transactions with various Saskatchewan Crown corporations, departments, agencies, boards and commissions related to the Fund by virtue of common control by the Government of Saskatchewan and non-Crown corporations and enterprises subject to joint control or significant influence by the Government of Saskatchewan (collectively referred to as "related parties").

Routine operating transactions with related parties are settled at prevailing market under normal trade terms. Other amounts and transactions due to and from related parties and the terms of settlement are described separately in these financial statements and the notes thereto.